

Retail Sector Council Meeting

Tuesday 2 December, 11:30 – 12:15
Department for Business and Trade, MS Teams

Attendees

Co-Chairs: Minister for Employment Rights and Consumer Protection Kate Dearden MP and Richard Pennycook.

Attendees: Anthony Hemmerdinger (Boots), Dave McCarthy, Andrew Goodacre (British Independent Retailers Association), James Lowman (Association of Convenience Stores), Helen Dickinson (British Retail Consortium), Tom Ironside (British Retail Consortium), Kari Rodgers (Primark), Nick Beighton (Secret Sales)

Guests: Minister Daniel Tomlinson MP (Exchequer Secretary to the Treasury), Mark Newman (Head of Tax, The Very Group), Emma Ormond (Primark and Delivery Group), Pete McManus (Sainsbury's and Delivery Group) Chris Morris (USDAW and Delivery Group).

Officials in attendance: Charles McCall (Head of Retail and Consumer Goods Manufacturing), Katie Taylor (Senior Policy Advisor, Business Rates HMT)

Apologies: Ian Filby (Joules), Robbie Feather (The Very Group), Peter Jelkeby (Ikea), John Boumphrey (Amazon), Simon Roberts (Sainsbury's) Joanne Thomas (General Secretary USDAW), Victoria Robertshaw (Delicious Planet and Green Street).

Agenda

Action	Owner
DBT to provide details of Retail Envoy recruitment process.	DBT
HMT to provide analysis of the impact of the new Small Business Bonus scheme	HMT
RSC to revisit and reshare the work on business rates	RSC
RSC to offer thoughts on tax simplification	RSC
RSC members to provide suggestions to HMT on how to accelerate the implementation of LVI measures.	RSC
RSC members to provide feedback on the inflationary impacts of Budget	Members

Welcome

Minister Dearden opened the meeting and welcomed everyone attending. The purpose of the meeting is to hear views on the Budget and the implications for businesses.

Richard Pennycook noted that from a retail perspective the 2024 Budget had been very challenging. It was therefore positive that this Budget had been much less directly impactful on the retail sector.

Budget:

Minister Tomlinson welcomed the opportunity to participate in the Sector Council discussion. The Treasury had aimed to increase the fiscal headroom, providing resulting stability for the government and the UK. Secondly, supporting on cost of living had been a significant focus. Thirdly, for businesses in particular, the Government maintained the Corporation Tax roadmap commitment to 25% headline rate, and addressed Business Rates with adjustments to rateable values, with most businesses seeing increases capped at 15% and larger businesses capped at 30% over the year. Other issues of importance to the retail industry were also mentioned, including LVI and salary sacrifice.

In the discussion that followed a range of points were highlighted:

- The importance of building consumer confidence was highlighted for retail industry performance over the year ahead.
- The impact of the announced Business Rates changes has been very complex and initially difficult to understand for some companies, with some of them still trying to assess the impact on them. Much of the change has been positive, including the lower permanent multipliers and the changes in relation to Transitional Relief. The inclusion of large shops in the higher multipliers was disappointing. The challenge for small shops of the increases announced were highlighted. Being bolder on the need for wider reform was highlighted as important for the years ahead. Questions were raised about the validity of the valuations for some types of shops and in comparison to retail parks.
- The announcement around enforcement was welcomed, hopefully the focus on those areas will lead to improved effectiveness of enforcement activity.
- The timing of the Budget was very unwelcomed, leading to consumer uncertainty in advance of the Christmas period with a negative impact on consumer spending.
- There was general relief that the Budget was not as challenging as it had been in 2025.
- There was broad support of the need for earlier action on Low Value Imports was stressed, in advance of the 2029 deadline indicated.

- On NLW there was relief that the headline increase followed the core projection of the LPC but concern at the scale of increase in the 18-20 year rate.
- Clarity about the role of the Retail and Hospitality Envoy was requested. Similarly more information is needed on the new Inflation Gateway. It was noted that the new Envoy would be announced shortly and would be working closely with the Sector Councils and relevant Ministers.
- The measures to remove VAT on donated goods were strongly welcomed. Members pointed out a disconnect between the Government's stated growth agenda and the actions presented in the Budget, as well as a lack of adequate provisions to stimulate investment in high street businesses.

Action: DBT to provide details of Retail Envoy recruitment process.

Action: HMT to provide analysis of the impact of the new Small Business Bonus scheme.

Action: RSC to revisit and reshape the work on business rates.

Action: RSC to offer thoughts on tax simplification.

Action: RSC members to provide suggestions to HMT on how to accelerate the implementation of LVI measures.

Action: RSC members to provide feedback on the inflationary impacts of Budget.

AOB – Minister/Richard Pennycook (5 mins)

Richard Pennycook thanked all attendees for their contributions.